

MINUTES OF MEETING

OF

BOARD OF DIRECTORS

OF

AIR AMERICA, INC.

January 15, 1974

The meeting of the Board of Directors of Air America, Inc. was held at Manufacturers Hanover Trust Company, 350 Park Avenue, New York City, January 15, 1974.

PRESENT: Messrs. Walker, Ames, Doole, Goelet, Grundy and Velte.

ABSENT: Mr. Richardson.

Chairman Walker called the meeting to order and announced that a quorum was present. The Secretary presented the Certificate of Mailing of Notice and stated that a formal notice of the meeting had been transmitted to all Directors in accordance with the By-Laws of the Corporation. The Secretary was directed to file the Certificate of Mailing of Notice with the minutes of the meeting.

The minutes of the meeting of the Board of Directors of December 18, 1973 were approved.

The minutes of the meeting of the Executive Committee of January 8, 1974 were summarized for and noted by the Board.

The Managing Director reported that the Company is taking steps to reduce expenses as revenues decline and is hopeful that the Company can be managed on a breakeven or better basis. However, the Managing Director pointed out that he is without any firm information

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as to customer requirements and the situation is very fluid with new estimates as to future requirements being received almost daily involving percipitous reductions in flight hours and personnel requirements. For example, on January 10 the Company was informed that the 777 contract which is primarily for personnel would be down, however, the extent of the proposed reduction is unknown. As of January 8, it was estimated that the 0002 customer would require approximately 120,000 direct-skill labor hours during the next three months; however, we have now been informed that this requirement will be reduced to 80,000 direct-skill labor hours. ICCS has recently announced that upon expiration of the Company's existing contract on February 27, 1974, future awards will be let on a competitive bid basis. The Company is reasonably confident that with the pilot's salary adjustments recently instituted that it can secure ICCS contract for 1974 on a competitive bid. However, these uncertainties make it extremely difficult to adjust expenses and structure the Company for a profitable operation.

The Managing Director then briefed the Board on the labor problems which have developed in Udorn. The Home Office has been in almost daily telephone contact with Bangkok concerning this problem. Current information would indicate that most of the agitation in Udorn is the result of activities of youth organizations from Bangkok and is not the result of the Company's recent separation of 235 Thai employees at Udorn. On January 14 it was reported that a Company bus, by which employees are transported to and from work, was intercepted by agitators. No violence resulted, however consid-

erable absenteeism was reported. The Home Office has been informed that a number of Thai employees have approached the Company and advised that they were not a part of the agitator group and that the agitators did not represent their interest. The Company has received no specific demands by any employees and those general demands which have been received were unsigned. To date the labor problem has not affected operations, however personnel have been moved to the other end of the field. Information from the Field is still incomplete, and although it is generally felt that the protests are not specifically directed against the Company as such and that things will resolve themselves shortly; the matter is currently very active and potentially explosive.

The Board of Directors then received a report on a dispute which has arisen between the Company and Southern Air Transport concerning the exercise by Southern of an option to purchase the L100-30 aircraft which is owned by Air America and currently leased to Southern, and Southern's proposed resale of that aircraft at a substantial gain.

The Managing Director then reported on the current status of the Renegotiation Board's review of the Company's profits on U.S. Government contract operations for the years 1967 through 1972.

Financial and statistical reports for Far East operations of Air America, Inc. and associated companies for the month of November, 1973 were reviewed for the Board. It was also reported that flight hours for the first 14 days of January averaged 187 hours per day. On January 14, the company flew 159 hours in South Vietnam, 53 hours out of Udorn and 5 hours out of Bangkok and Chiangi Mai for a total of 217.

There being no further business to come before the meeting
on motion duly made and seconded it was adjourned.

Respectfully submitted,

James H. Bastian
Secretary for the Meeting